

Town of Darien

Five-Year Financial Forecast 2007-2011

Assumptions

Note - This is a forecast. It is not the adopted budget. It is provided for financial planning purposes only.

- 1) The general rate of inflation is expected to be 3% in FY 06-07 and later fall to 2%. This forecast utilizes a higher percentage because personnel costs are projected to increase 4% per year due to labor contracts and because 58% of the Selectmen's budget and 85% of the Board of Education budget are personnel related costs. As of June 30, 2005 there were about 137 Town employees and 698 Board of Education full time employees.
- 2) Increases in the cost of electricity and heating fuel (25% and 28% respectively) have been factored in for FY 06-07. In future years, it is assumed that prices will be stable.
- 3) Medical insurance is projected to increase for the Board of Selectmen 15% annually and for the Board of Education 12% in FY 07, subsequent years show declining increases. Liability insurance is projected to hold at the current rate until 06/07, afterwards it increases 15% per year
- 4) The growth in the Town's Adjusted Grand List is projected to be 0.1% annually. The estimated Adjusted Grand List assumes a property tax collection rate of 98.5% for fiscal 2007 to 2011.
- 5) It is assumed that the Town will earn interest on cash reserves at a rate of 3.5%.
- 6) Board of Education costs include the forecasted incremental cost of additional pupils.
- 7) Sewer bonds issued will be repaid by an assessment levied on the benefiting property owners. The Sewer Operating and Sewer Assessment Funds transfer money to the General Fund each year, shown in the forecast as income item labeled Transfers-In, representing repayment of debt that was incurred by the General Fund on their behalf.
- 8) The forecast includes \$61,000,000 funding (net of state reimbursements) for High School construction as follows: \$3,500,000 bonded in January 2002, \$30,000,000 bonded in January 2003, \$17,400,000 bonded in December 2004 and \$6,300,000 bonded in November, 2005 at a rate of 4.099% and \$3,800,000 to be bonded in November, 2006 at an assumed rate of 4.5% – 5.0%
- 9) The forecast reflects funding for reconstruction of Tokeneke School using an estimate of \$18,500,000 (net of state reimbursements). \$700,000 was bonded in November, 2005 at a rate of 4.099%. It is assumed that the Town will pay rates ranging from 4.50% to 5.0% on the balance to be bonded.
- 10) Land Acquisition proposed in the Selectmen's Six Year Capital plan is deferred and recommended for bonding, beginning FY 07-08.
- 11) General Fund Fund Balance is shown in the revenue section and may be adjusted from year to year to help level tax rate increases or to maintain reserves in accordance with the fund balance policy adopted by the Board of Finance.
- 12) Pension contributions are expected to increase 8% per year.
- 13) The Selectmen's Six-Year Capital Plan calls for \$4.5 million funding over a three year period for Weed Beach development. This forecast assumes the project will be funded with 20 year bonds.